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# CIA Operati Director Quits Stock Dealing Charges

## Hugel Calls Allegations 'Unfounded'

Former Associates Say  
He Violated SEC Laws

By Jeremiah O'Leary  
and Allan Dodds Frank  
Washington Star Staff Writers

Max Hugel resigned today as the CIA's deputy director for operations in the wake of reports that he engaged in questionable stockmarket practices before he became chief of the agency's clandestine service.

CIA director William Casey immediately named John Stein, a career CIA official who had been one of Hugel's deputies, to replace Hugel.

Stein met this morning with members of the Senate Select Committee on Intelligence to inform them that he was replacing Hugel.

The CIA said in a press release that although Hugel contends the allegations against him are "unfounded and untrue," he had concluded the charges "have become a burden which he believes is no longer fair to impose on the agency and the men and women who have worked with him."

"Mr. Hugel wishes to emphasize that the allegations against him concern his private life and have no connection whatsoever to his association with CIA or to its activities," the statement said.

Hugel's departure came after White House chief of staff James A. Baker III telephoned Casey to tell him that the agency's controversial chief of operations had to go, White House sources said.

In that conversation, it was agreed that Hugel would be allowed to resign.

Casey decided in January to name Hugel, a 56-year-old New Hampshire businessman who had worked in the Reagan campaign, to one of the most sensitive positions in government.

Hugel first served as a special assistant to Casey before being named as deputy director for administration on Feb. 11 and as deputy director for operations on May 11.

The choice of Hugel to head the operations division, which oversees clandestine activities, was made by Casey without consulting top White House officials and caused an uproar.

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